

SURF PINES WATER ASSOCIATION NEWSLETTER

APRIL 1, 1992

In January of this year, your Water Association Board was advised that two relatively large developments within Surf Pines were scheduled for construction in 1992. (Neither of these is the proposed development south of Surf Pines Road.)

During negotiations with a representative of the larger development, scheduled for construction this summer, your Board became more aware of some very important considerations:

1. Our present wells, pumping and distribution facilities could not provide adequate water to this development.
2. The cost of required improvements to our system were beyond the Water Association's financial capacities.
3. The Water Association cannot borrow money from financial institutions.
4. The owners of the properties, scheduled for development, acquired title thereto many years ago from Barney Lucas with the assurance that "water would be made available".
5. Whether or not this assurance would still be binding upon today's Water Association, the fact that we have been providing water to other property owners throughout the years might lead to legal challenges which we also might not be able to afford.

As we continued to negotiate with this representative, two potential solutions were discussed:

1. The developer might pre-pay hook-up fees for the project. This prepayment of \$47,500 at \$1,900 per building lot would come close to reimbursing the Association for the required improvements; i.e. two new deep wells and replacement of old distribution lines unable to withstand higher water pressures.
2. Granting an easement over Surf Pines Homeowner Association property for Warrenton water lines to the project. This would require a favorable vote by at least two-thirds of of Homeowners Association Members.

During a joint meeting of the Homeowners and the Water Association Boards a strong preference was expressed for the quality of our locally-produced water over that to be acquired elsewhere.

The joint Boards, however, recognized that this quality, in the quantity to which Surf Pines water users have become accustomed, is due largely to the dedication and expertise of one of our members, Mr. Tom Snashall. We are all extremely grateful to Tom, but we can no longer expect that he will be available to provide

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these services indefinitely. Ton has also advised us that the State of Oregon requirements for all municipal water facilities are becoming more onerous, particularly for those smaller systems with little political clout.

With these factors in mind, the joint boards directed a committee from the Water Board to project the cost of 1992-93 operations supervised and conducted by a Class One qualified operator. (Class One operators are the lowest ranking operators qualified for systems such as ours.)

In checking with other water districts similar to ours, we found that Class One operators were paid at least \$13.50 per hour. All had other fringe benefits and some were provide with a truck. Based upon this information the Committee projected the cost of 1992-93 operations at \$64,295. The factors used in the projection were conservative and did not include the impact of either of the two scheduled developments.

As can be seen by the attached projection, the 1992-93 cost of \$64,295, roughly doubles that budgeted for 1991-92. This cost would more than double the present water dues of \$40 per quarter or \$160 annually for each water user. With home owners dues of \$60 per quarter, water users would be faced with quarterly dues of at least \$140.

The Committee was well aware that Surf Pines might try to employ a part-time qualified operator for a year or two until the State intervened. However, continued scheduled improvements including those required by the coming developments make a part-time operator a very dubious band-aid. Our water quality is too important to the health of our members to take unreasonable chances. Board members have expressed themselves as unwilling to accept that risk, which would include their personal liability as well as health.

The Water Board is then faced with recommending the granting of an easement for Warrenton water lines to the larger development; and the doubling (or more) of water dues for 1992-93; or requesting the City of Warrenton to take over the Surf Pines water distribution system to provide its water to each of us.

The Board believes that a take over of our system might be attractive to Warrenton because it would provide them with an alternative water line west of Hiway 101 to Beach Wood, Highlands and the proposed development south of Surf Pines Road. A take over would provide Surf Pines more adequate quantities of water for Fire protection, faster than we can provide even with the expanded funding. The Board has reason to believe that the State would encourage the take over.

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Funds needed for the continued and required improvement of our water producing facilities would be wasted if and when Warrenton took over. The Board will have trouble recommending such improvements when such a takeover is inevitable in its opinion.

Surf Pines water users then are faced with the following:

1. Authorize an easement over Surf Pines properties (with the assent of other homeowners) for Warrenton access to the larger development; and accept at least a doubling of water dues in 1992-93.
2. Require up-front payment of developers' hook-up fees, and double our water dues as above:
3. Request a take-over of our water system by Warrenton at its earliest convenience. (The Board has no assurance that the City of Warrenton will accept our request.)

You will be asked during a special meeting or by proxy vote in the near future to vote upon these alternatives to our water problems. Please consider them carefully. Call upon Water Board members if you have questions.

The Water Board unanimously recommends a vote for a takeover of our system by the City of Warrenton.

SURF PINES WATER ASSOCIATION
PROJECTION OF WATER REVENUES & EXPENSES

	1991-92 Budget	Projected 1992-93
<u>CASH RECEIPTS:</u>		
Water Revenue	\$ 26640	\$ 28000 (1)
Water Connections	5100	6000
Interest Income	840	400
Total	<u>32580</u>	<u>34400</u>
<u>EXPENDITURES:</u>		
Water Master		23625 (2)
Labor	3000	3000
Payroll Taxes	832	6650 (3)
Mileage Allowance	-	1200 (4)
Repairs & Maintenance	21000	21000
Lab & Testing	1275	1350
Utilities	3100	3500 (5)
Telephone	80	100
Office Expense	280	300
Professional Fees	1600	2000 (6)
Meeting Expense	25	25
Taxes & Licenses	320	320
Insurance Expense	1222	1225
Other	-	-
Total	<u>32734</u>	<u>64295</u>
Receipts over (under)	(154)	(29895)
Beginning Cash Balance	<u>7789</u>	<u>7635</u>
Ending Cash Balance	<u>\$ 7635</u>	<u>\$(22260)</u>

ASSUMPTIONS FOR 1992-93 PROJECTION

- (1) Based upon 175 member water-users at \$160 annually (\$40 per quarter). The 1991-92 Budget was based upon 166 1/2 members at the same dues level.
- (2) Class I operator at 250 days; 7 hours per day at \$13.50 per hour.
- (3) Payroll Taxes computed at 25%
- (4) Based at \$100 per month for use of employee owned pickup.
- (5) Increased use.
- (6) Probable increase in fees.